

EXECUTIVE SUMMARY GLOBAL BUSINESS BAROMETER

Survey Outlines Expectations of Austrian Foreign Subsidiaries for 2024

Our annual survey, spanning Austrian foreign subsidiaries across the globe, yields critical insights into the current business landscape. As we navigate these turbulent times, understanding the economic situation becomes paramount. We engaged with over **13,000 Austrian subsidiaries** in **76 countries**, seeking their assessments and forecasts for further development.

Collaboration with the Institute for International Business

For the first time, we partnered with the **Institute for International Business** at the internationally renowned **Vienna University of Economics and Business** to conduct and rigorously evaluate this survey. Our gratitude extends to **Prof. Jonas Puck** and his esteemed team for their invaluable contributions.

Key findings of the survey:

- **Stability Amid Turbulence:** Despite recent challenges, Austrian subsidiaries' outlook on the economic situation in various countries remains stable. Two years ago, optimism prevailed due to global economic recovery after the Covid-19 pandemic. Last year, negative sentiment emerged due to the Russian-Ukrainian conflict and rising energy costs.
- **Stable Business Figures:** Most Austrian subsidiaries anticipate stable development in key business metrics. Many are more optimistic about the future than their current situation. Very few companies expect declines in sales, orders, capacity utilization, or workforce.
- **Labor Challenges:** Labor availability takes center stage as a global challenge for Austrian subsidiaries this year. It surpasses concerns about raw material costs, labor expenses, and purchasing power.
- **EU Outlook:** The EU outlook is slightly more positive than last year. However, Western Europe lags behind other regions, reflecting a bleaker mood. Germany, Austria's largest export market, faces market challenges, while Poland in CEE provides a particularly positive outlook.
- **Global Perspective:** In Asia (MENA to Southeast Asia), the mood is positive. US branches expect further business growth, while Latin America anticipates constant development.

Insights on the Global Economic Situation: A Cautious Outlook

Amidst the fluctuations of recent years, Austrian foreign subsidiaries exhibit a cautious yet stable perspective regarding the economic landscape. Let's delve into the key observations:

1. Past Trends and Current Stability:

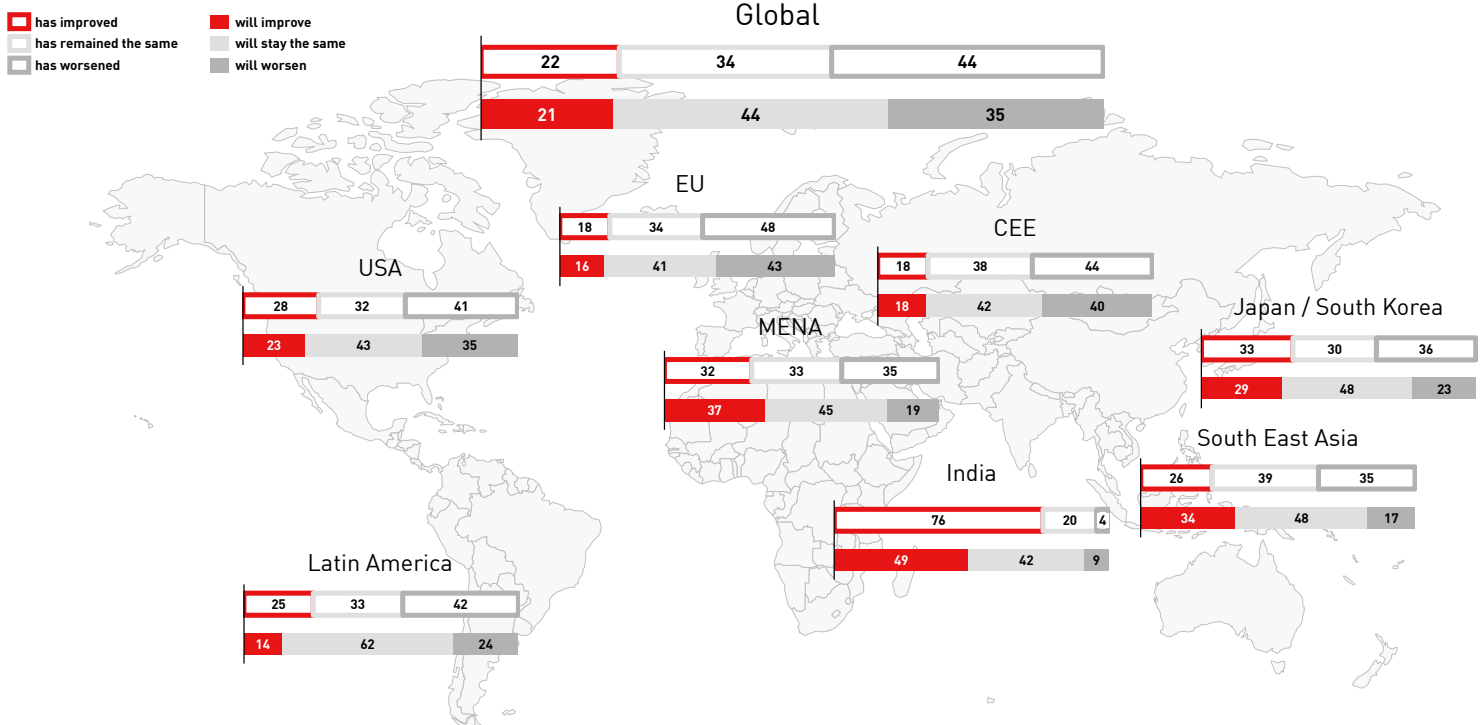
- Enthusiasm prevailed in 2022 as the pandemic subsided. However, frustration followed due to the Russian-Ukrainian conflict and surging energy prices.
- Presently, stability dominates the outlook, reflecting a measured perspective.

2. Regional Nuances:

- **India and MENA Region:** Both regions maintain positive sentiment. While India improved significantly last year, this year's outlook remains cautiously optimistic. MENA subsidiaries are positive after a balanced period.
- **EU and CEE:** These regions show slight deterioration, balancing stagnation and pessimism.
- **USA, Japan, and South Korea:** Stagnation characterizes their outlook, mirroring a turbulent year.
- **Latin America:** Expectations are muted after challenges. However, stability prevails, with 61% anticipating no change.
- **Southeast Asia:** One-third of branches foresee improvement, overcoming last year's stagnation.

In summary, Austrian subsidiaries demonstrate resilience and adaptability, navigating uncertainty while acknowledging regional variations. Strategic agility remains paramount.

From your company's point of view, how would you characterise the current economic climate and state of the economy over the past 12 months, in the country in which your subsidiary is located?



Stability and slight Optimism: Key Business Figures for Austrian Subsidiaries in 2024

In line with the previous year, Austrian subsidiaries maintain a positive outlook regarding their essential business metrics. Let's have a look into the specifics:

1. Employee Growth:

- Over half of the companies have experienced significant growth in their workforce.
- Anticipations for retaining this positive trend in 2024 are high.
- Notably, this robust increase surpasses last year's more cautious expectations.

2. Investment Volumes and Capacity Utilization:

- Austrian subsidiaries consistently report stable investment volumes and capacity utilization.
- Expectations for the current year align with this steady pattern.
- This continuity mirrors observations from the previous year.

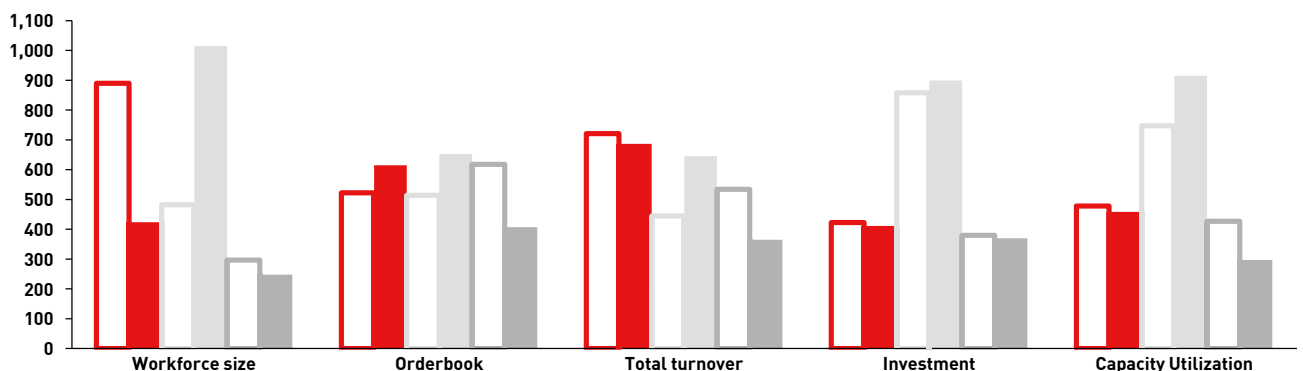
3. Total Sales:

- Slightly less than half of the subsidiaries witnessed an increase in total sales.
- Conversely, just under a third reported a decline.
- Overall, expectations for this year remain positive, surpassing last year's balance.

Looking at your company's performance in your subsidiary's country, how would you assess the performance indicators listed below over the last 12 months?

Number of responses (n=1746)

■ increased ■ stayed the same ■ decreased
■ will increase ■ will stay the same ■ will decrease



4. Order Situation Challenge:

- Nearly one in three subsidiaries grappled with declining order volumes.
- Given the challenging economic climate, this scenario is plausible.
- However, the outlook for 2024 cautiously leans toward positivity.

5. Employee Stability:

- Despite other fluctuations, the number of employees is expected to remain unchanged.
- Last year's survey indicated slightly better expectations regarding the order situation, which may have contributed to the increase in employees

Market-Related Challenges: Skilled Worker Shortage Takes Center Stage

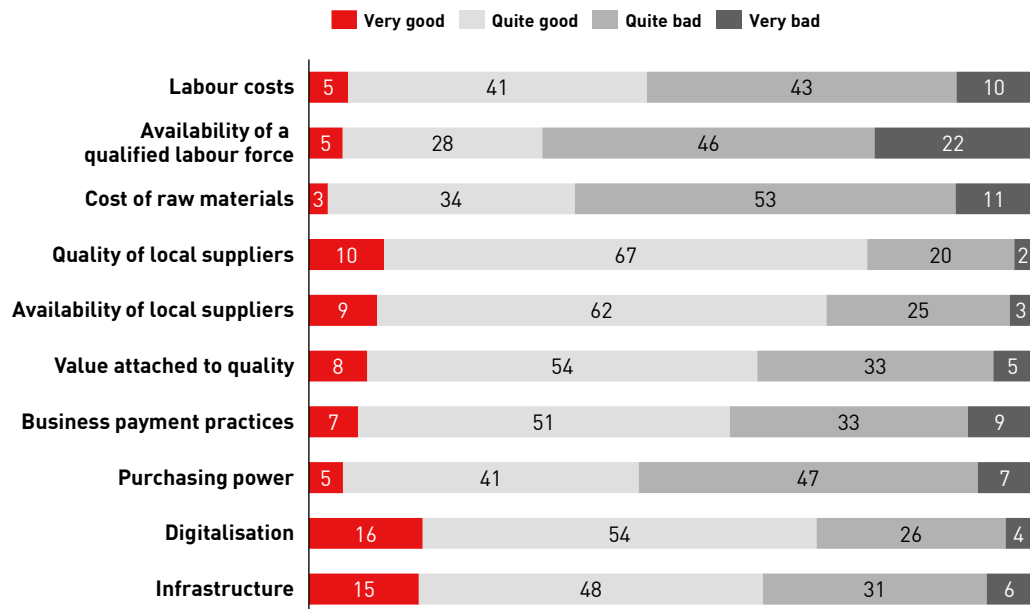
When assessing market-related issues across various business locations, familiar challenges persist.

1. Availability of Skilled Workers:

- **Emerging Critical Issue:** The question of skilled worker availability and associated costs is increasingly prominent.
- **Top Challenge:** While raw material costs held the spotlight last year due to soaring energy prices, this year, the scarcity of skilled workers once again claims the top spot.
- **Survey Insights:** Two out of three respondents (68%) view this factor negatively, with 22% rating it as “very bad.”

Looking at your subsidiary's country, how would you assess the following market factors?

Share in % (n=1746)



2. Labour Costs and Purchasing Power:

- **Ongoing Concerns:** Labour costs and purchasing power in the establishment country continue to pose challenges.
- **Consistent Trends:** Approximately every second subsidiary rates these factors negatively, aligning with last year’s survey results.

3. Supplier Availability and Quality:

- **Positive Outlook:** Well over 50% of respondents view supplier availability and quality favorably.
- **Digitalization and Infrastructure:** Austrian subsidiaries exhibit optimism in these areas:
 - **Digitalization:** Rated as “very good” by 16% of respondents.
 - **Infrastructure:** Similarly, 15% consider it a top-performing factor.

In summary, while labour-related concerns persist, Austrian subsidiaries maintain a positive stance on digitalization and infrastructure. Strategic adaptation remains crucial in navigating these market dynamics.

Navigating Regulatory Challenges: Prioritizing Bureaucracy Reduction

In assessing regulatory factors, familiar challenges persist, with some notable shifts. Let’s delve into the specifics:

1. **Bureaucracy:**
 - **Global Concern:** Bureaucracy remains a top priority worldwide.
 - **Consistent Challenge:** Predictability of economic policy and public funding also feature prominently.
2. **Labour Law:**
 - **Positive Outlook:** Labour law receives favorable ratings, with 60% viewing it positively—the highest value in this category.
3. **Legal Certainty and Political Stability:**
 - **High Marks:** Both areas are rated “very good” by 11% of surveyed businesses.
4. **Other Factors:**
 - **Balanced Situation:** The fight against corruption/crime, taxes, and customs duties exhibit a globally balanced scenario.
 - **Regional Variations:** However, nuances exist across regions.

In summary, Austrian subsidiaries strategically address regulatory complexities, emphasizing bureaucracy reduction while navigating diverse global contexts

Looking at your subsidiary’s country, how would you assess the following regulatory factors?

Share in % (n=1746)

